



Missouri Department of Natural Resources Energy Center

MISSOURI ENERGY BULLETIN

March 23, 2006

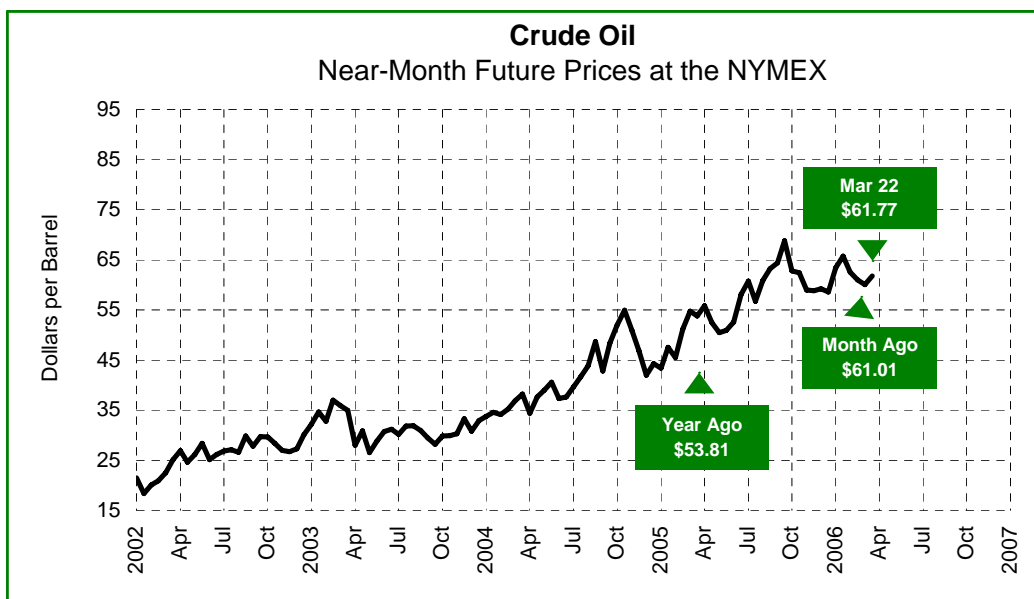
Crude Oil

On March 22, NYMEX crude oil futures fell \$0.57 to \$61.77 per barrel, an increase of \$0.76 from last month and \$7.96 or 15 percent higher than at this time last year.

Crude Oil - Near Month Future Prices (dollars per barrel)

	<u>03-22-06</u>	<u>02-22-06</u>	<u>change</u>	<u>03-23-05</u>	<u>change</u>
NYMEX	\$61.77	\$61.01	up 1%	\$53.81	up 15%

- Crude oil futures for May delivery on the NYMEX dropped \$0.57 yesterday to settle at \$61.77 per barrel, after the Energy Information Administration's (EIA) weekly supply report showed U.S. crude oil inventories remained near 7-year highs even though they dropped last week.



- Crude oil supplies have been rising for months and are about 9 percent higher than last year, despite a surprise drop last week on lower imports and higher refinery utilization. Rising U.S. crude oil inventories in 2006 have helped counter a supply slump related to the on-going violence in Nigeria that has cut output there and concern that tension over Iran's nuclear work could disrupt supply.
- For the week ending March 17, U.S. crude supplies decreased 1.3 million barrels to 338.6 million barrels, and now stand 29.3 million barrels above last year's level at this time, according to the EIA. The U.S. Minerals Management Service (MMS) reports that as of Wednesday, March 22, approximately 343,000 barrels or 22.9 percent of the Gulf's 1.5 million barrels per day of crude

production continues to be shut down following Hurricane Rita and Katrina.

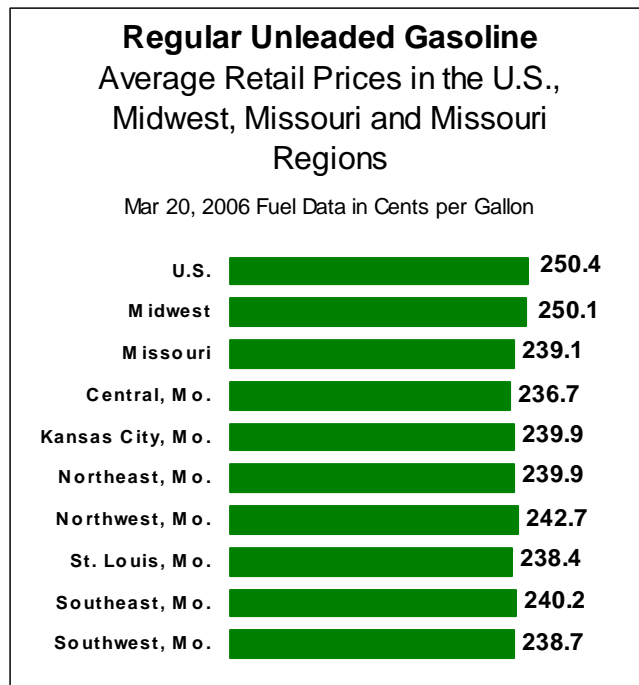
- For the week ending March 17, U.S. crude oil production fell slightly to 5 million barrels per day. Current production is below the 5.5 million barrels per day reported at this time last year. Crude oil imports decreased 600,000 barrels per day to 9.3 million barrels per day compared to 10.3 million barrels at this time last year.
- Refinery runs increased one percent to nearly 86.7 percent of capacity as U.S. refineries complete seasonal maintenance. Refinery utilization increased to 14.6 million barrels of crude oil per day compared to nearly 15 million barrels at this time last year.

Transportation Fuels

On March 20, Missouri's average retail price for regular unleaded gasoline was \$2.39 while diesel fuel was \$2.49 per gallon, 18 percent and 17 percent higher, respectively, compared to this time last year.

<i>Regular Unleaded Gasoline - Retail Prices (cents per gallon)</i>					
	<u>03-20-06</u>	<u>02-20-06</u>	<u>change</u>	<u>03-21-05</u>	<u>change</u>
US	250.4	224.0	up 12%	210.9	up 19%
Missouri	239.1	205.3	up 16%	202.0	up 18%

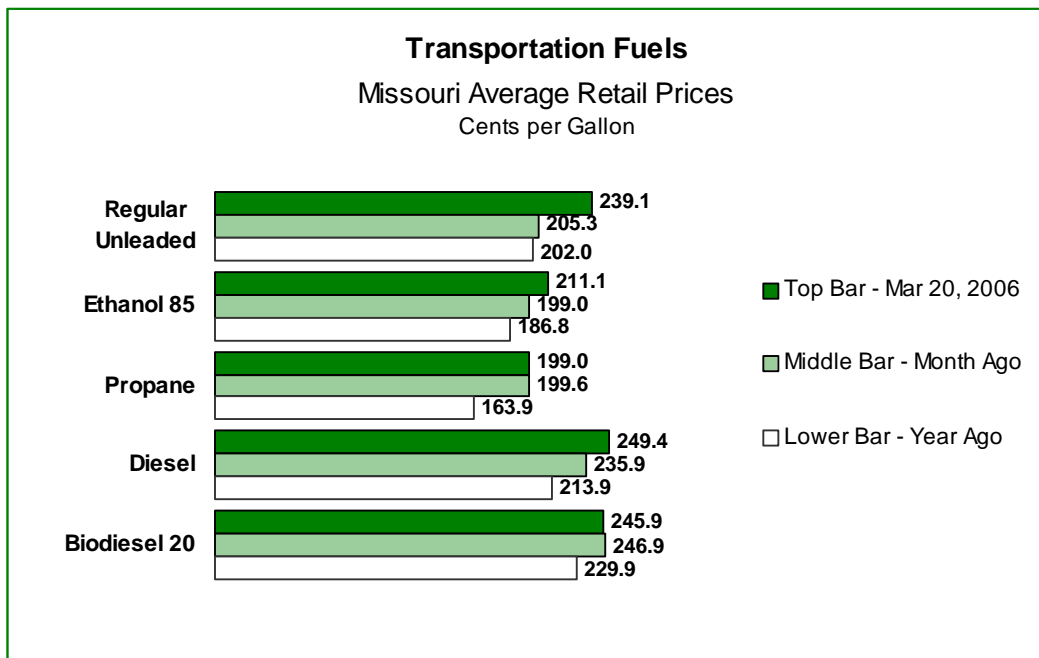
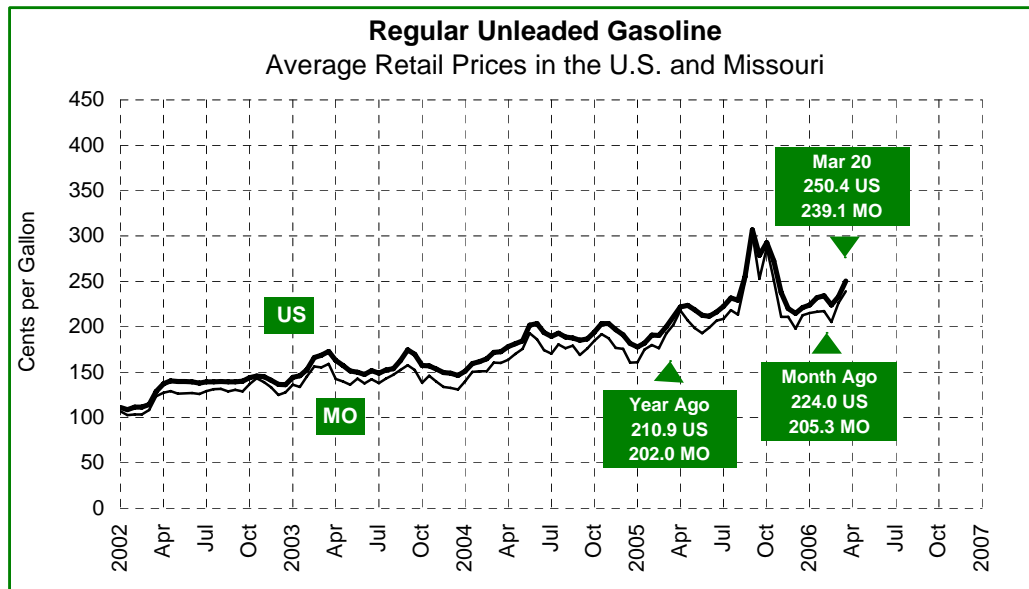
<i>Diesel Fuel - Retail Prices (cents per gallon)</i>					
	<u>03-20-06</u>	<u>02-20-06</u>	<u>change</u>	<u>03-21-05</u>	<u>change</u>
Missouri	249.4	235.9	up 6%	213.9	up 17%



- On March 20, Missouri's statewide average gasoline retail price was up 16 percent while diesel retail prices were up six percent from last month. Transportation fuel prices at the NYMEX strengthened over the last two weeks in response to increased demand, lower supplies due to refinery maintenance and a slowdown in gasoline production and imports. The EIA estimates the average U.S. retail price

for gasoline in 2006 will average 15 cents higher than last year.

- EIA attributes the recent increase in gasoline prices to the seasonal rise in demand that accompanies spring and the uncertainty of supplies this summer due to a change in the type of gasoline many consumers will use. Petroleum companies' switch from MTBE to ethanol-blended fuels due to concerns of water contamination from MTBE, is contributing to concerns over future supplies and prices. This is prompting wholesale buyers to purchase more gasoline now to increase inventories, which has increased demand and wholesale prices.
- Distillate stocks, which include heating oil and diesel fuel, decreased 2.7 million barrels to 131.4 million barrels. Distillate supplies are now 22.2 million barrels higher than at this time last year.



- For the week ending March 17, U.S. gasoline stocks decreased 2.3 million barrels to 221.6 million

barrels. Implied demand is 9.1 million barrels per day. Gasoline imports fell to 1.1 million barrels per day compared to just under one million at this time last year. Gasoline supplies are up 4.3 million barrels from a year ago.

Coal

The average monthly price of Powder River coal was \$17.25 per ton for Feb. 2006, a decrease of 16 percent from January but an increase of 177 percent from Feb. 2005.

Coal - Spot Prices (dollars per ton)					
	<u>Feb '06</u>	<u>Jan '06</u>	<u>change</u>	<u>Feb '05</u>	<u>change</u>
Powder River	\$17.25	\$20.50	down 16%	\$6.22	up 177%

- Powder River Basin (PRB) monthly average coal prices fell slightly through mid-February. PRB coal prices were dampened in part because natural gas supplies were above expectations due to mild winter weather recently in the Midwest, South, and East, and consequent natural gas price declines.

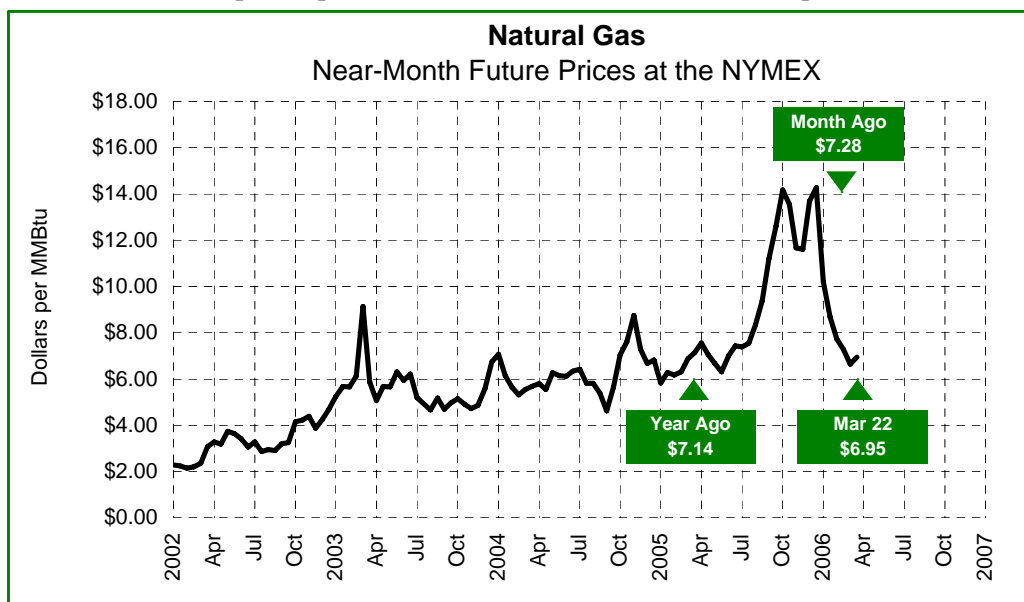
Natural Gas

Approximately 57 percent (1,261,397) of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity.

On March 22, natural gas futures closed at \$6.95 per MMBtu, a decline of 5 percent or \$0.33 since last month as the nation's demand for space heating continues to decline.

Natural Gas - Near Month Future Prices (dollars per mmbtu)					
	<u>03-22-06</u>	<u>02-22-06</u>	<u>change</u>	<u>03-23-05</u>	<u>change</u>
NYMEX	\$6.95	\$7.28	down 5%	\$7.14	down 3%

- According to the EIA, changes to natural gas spot prices were relatively small this week despite colder-than-normal temperatures that welcomed the official start of spring. High storage inventories and a small decrease in oil prices partly offset the upward pressure on prices from the cold weather as most market locations reported price movements on the week of about 2 percent in either direction.



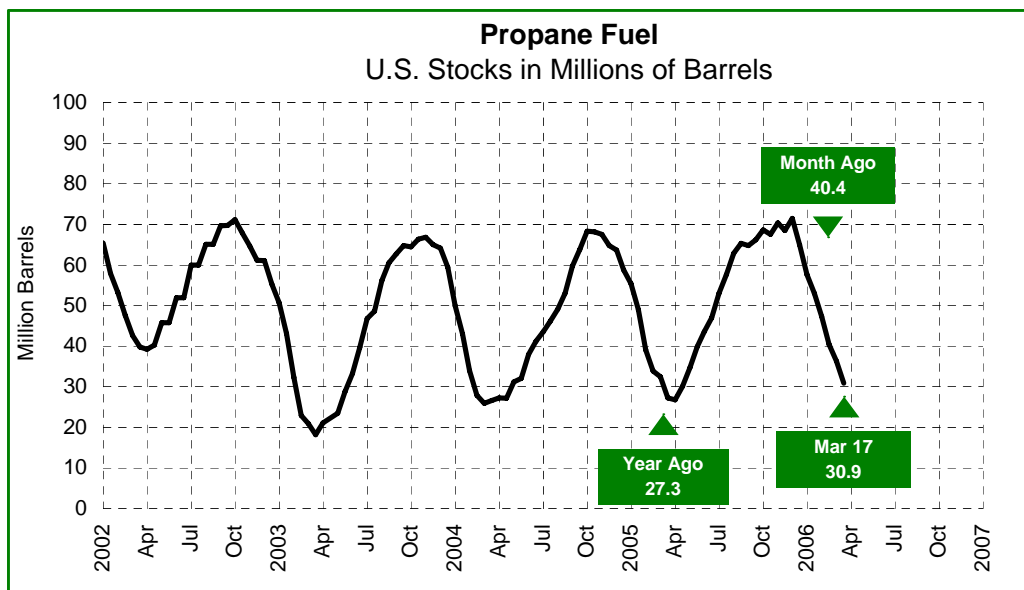
- Working gas in storage was 1,809 Bcf as of Friday, March 17, 2006, according to EIA estimates. This represents a net decline of 23 Bcf from the previous week. Stocks were 506 Bcf higher than last year at this time and 724 Bcf above the 5-year average of 1,085 Bcf. As of March 22, the U.S. Minerals Management Service estimated that 1.39 billion cubic feet per day (BCFPD) or approximately 13.93 percent of the Gulf's 10 BCFPD natural gas production remains shut down.

Propane

Approximately 13 percent (293,803) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

(Please note that Missouri propane prices will be updated monthly during April through September 2006. During the winter months prices were updated twice a month.)

Missouri's average retail propane price was \$1.64 per gallon on March 20, down 2.3 cents from March 6.



- Cooler temperatures across many areas of the nation last week continued to put downward pressure on propane inventories, which dropped by 1.9 million barrels from the previous week to an estimated 30.9 million barrels as of March 17, 2006.
- Midwest inventories increased 100,000 barrels, moving from 11.5 to 11.6 million barrels for the week ending March 17. Inventories stood at 8.6 million barrels at this time last year.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the Energy Center Internet address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; regional state energy offices; and Missouri's energy retailers.

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